

GAO

United States General Accounting Office

**Report to the Chairman, Committee on
Appropriations, U.S. Senate**

August 1999

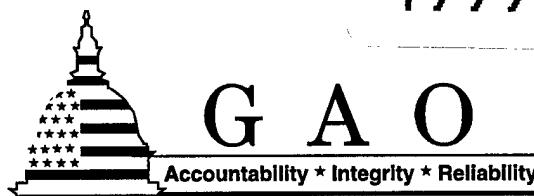
DEFENSE TRANSPORTATION

**89th Airlift Wing
Executive Branch
Policies Improved but
Reimbursement Issues
Remain**



DISTRIBUTION STATEMENT A
Approved for Public Release
Distribution Unlimited

19990903 186



GAO/NSIAD-99-170

DTIC QUALITY INSPECTED 4



United States General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-282994

August 16, 1999

The Honorable Ted Stevens
Chairman, Committee on Appropriations
United States Senate

Dear Mr. Chairman:

In 1992, we issued a report on policies and procedures governing access to and use of the 89th Airlift Wing entitled Military Aircraft: Policies on Government Officials' Use of 89th Military Airlift Wing Aircraft (GAO/NSIAD-92-133). We reported that the policies governing the use of military aircraft were too broad and vague to have much impact on the use of the 89th Airlift Wing by executive and legislative branch officials. Moreover, at that time, the use of aircraft was free of charge to all but a few users, and no one independently verified compliance with policies. We concluded that the policies and their implementation were inadequate and did not ensure that the wing's airlift resources were being used appropriately and consistently. We made several recommendations designed to strengthen controls over uses of the 89th Airlift Wing and reimbursements for such uses.

At your request, we determined whether (1) changes to executive branch policies since 1992 addressed the intent of our recommendations and (2) reimbursements have been made for use of 89th Airlift Wing aircraft. Because most of the missions flown by the 89th Airlift Wing are in support of the executive branch, we focused our analysis on the changes made to executive branch guidance concerning the use of government-owned aircraft, such as the Office of Management and Budget (OMB) Circular A-126 and other relevant Department of Defense (DOD) and White House implementing guidance. We are also providing you with information on which agencies of the government were the most frequent wing users during 1993-99 and how DOD resolves scheduling conflicts.

Results in Brief

OMB, DOD, and the White House addressed our recommendations in policy revisions made since 1992, thus strengthening the management and use of the 89th Airlift Wing by defining key terms, specifying circumstances under which reimbursements are due, and requiring certain record-keeping measures. Requests to DOD for use of the wing generally complied with

applicable policies on justifications for using the 89th Airlift Wing. However, DOD acknowledged that agency reimbursements for wing missions have generally not been collected for 2 years and in some cases for as long as 6 years. Also, reimbursements for nonofficial travel in some cases were credited to the wrong accounts or the collection of the reimbursements could not be verified. Although in our 1992 report we noted problems with reimbursement processes, instructions to collect and account for them are still lacking. We are making a recommendation in this report to the Secretary of Defense to improve the billing and reimbursement process.

Background

The 89th Airlift Wing, located at Andrews Air Force Base, Maryland, is a component of the Air Force's Air Mobility Command. The wing provides worldwide airlift for the President, Vice President, cabinet members, and other high-ranking dignitaries of the U.S. and foreign governments. As of June 1999, the wing had 20 fixed-wing aircraft and 19 helicopters. (The helicopters are used to meet transportation needs in the Washington, D.C., area, and are not discussed in this report.) Table 1 displays the wing's fixed-wing aircraft inventory.

Table 1: The 89th Airlift Wing's Inventory of Fixed-Wing Aircraft

Type	Quantity	Number of passengers	Civilian aircraft variant
VC-25A	2	76	Boeing 747
C-32	4	45	Boeing 757
C-20B	5	12	Gulfstream III
C-20H	2	12	Gulfstream IV
C-9C	3	42	Douglas DC-9
C-137	2 ^a	52 or 61 ^b	Boeing 707
C-37	2	12	Gulfstream V

^aOne C-137 is scheduled to be retired from the inventory in August 1999.

^bPassenger loads vary due to aircraft configuration.

Source: 89th Airlift Wing.

The two VC-25As are for the President's exclusive use. However, the President also uses other aircraft as his transportation needs dictate. When the President is on board any of these aircraft, it is referred to as Air Force One. Other than the VC-25As, 89th Airlift Wing aircraft are available for

executive, legislative, and judicial branch travel. The Office of the Secretary of Defense (OSD) ranks missions in order of priority in the event of a scheduling conflict according to (1) the lead traveler's place on a DOD priority ranking list or (2) the Secretary of Defense's determination as to the national interest of the proposed mission.

The 89th Airlift Wing's flight operations are funded from annual appropriations to the Air Force's Operations and Maintenance (O&M) account. The Air Mobility Command manages the portion of the O&M account that funds the wing and certain other operations. The wing reported that its overall budget for fiscal year 1999, including O&M and other funds, is about \$356.9 million for flight operations, civilian and military payrolls, and the medical group.¹

DOD Has Been the Most Frequent User of the Wing Since 1993

The 89th Airlift Wing completed 4,562 missions from January 1, 1993, through February 9, 1999. Table 2 shows which government agencies used wing aircraft most frequently.

Table 2: Usage of the 89th Airlift Wing by Agency

Agency	Number of missions ^a	Percentage of total missions
DOD	1,979	43.4
White House	1,740	38.1
Congress	426	9.3
Department of State	245	5.4 ^b
Others	172	3.8
Total	4,562	100

^aMany missions involved numerous trip segments, but if the mission number did not change, we considered it to be one mission.

^bIncludes missions ordered by either the White House or the Department of State.

Source: 89th Airlift Wing.

¹This includes base functions supporting non-89th Airlift Wing tenant units at Andrews Air Force Base.

**Mission Request, Approval,
Scheduling, and
Reimbursement Processes
for the 89th Airlift Wing**

Request and approval procedures for missions vary depending on the users. Normally, requests for trips directed by the President and approved by the White House are sent by the White House Military Office directly to the Air Force's Office of the Vice Chief of Staff, Special Air Missions (hereafter referred to as the Office of Special Air Missions) for scheduling. Members of Congress send requests to OSD (Legislative Affairs) for approval. Executive branch cabinet department and agency requests that are not sponsored by the White House, as well as OSD agency requests, are sent to OSD (Executive Secretary) for approval. OSD (Legislative Affairs) and OSD (Executive Secretary) send approved requests to the Office of Special Air Missions for scheduling. The military services send approved requests directly to the Office of Special Air Missions. After receiving approval notification, the Office of Special Air Missions reviews the proposed mission data and aircraft availability and then schedules the 89th Airlift Wing to fly the mission.

DOD officials explained that sometimes they receive more approved requests for transportation than they have aircraft available, which we called "scheduling conflicts." These officials said the Office of Special Air Missions tries to resolve scheduling conflicts in consultation with the affected customer by (1) changing the departure date or time; (2) changing from the requested aircraft to another aircraft; (3) changing passenger requirements (for example, requesting that the passenger group be reduced so that it can be accommodated by a smaller, available aircraft); or (4) placing the customer on a non-89th Airlift Wing aircraft. Air Force officials explained that if the Office of Special Air Missions still cannot resolve the conflict, it refers the matter to OSD (Executive Secretary) for resolution. OSD (Executive Secretary) officials will then make a decision by ranking the priority of travelers and usually scheduling the mission of the lead traveler with the higher priority ranking. However, at times, these officials stressed, the Secretary of Defense may determine that a particular mission has a higher national interest and may schedule that mission regardless of the priority ranking of the lead traveler. DOD does not require that records be kept showing when a conflict has occurred and how it was resolved, and such records were not kept.

Under the Economy Act of 1932,² DOD is required to collect reimbursements for the cost of aircraft operations when it provides 89th Airlift Wing airlift support to non-DOD agencies except when the support is at the direction of the White House. Reimbursements fall into two categories: agency reimbursements and nonofficial traveler reimbursements. Agencies make reimbursements for wing support through transfers of appropriated funds to DOD. White House and White House-directed missions are nonreimbursable, and DOD funds them. Other non-DOD executive branch missions are reimbursable, and the agency is to pay the full cost of operating the aircraft.³ Prior to 1996, the Air Force's Air Mobility Command billed agencies for reimbursements, collected them, and credited the receipts to the Command's O&M account. In 1996, the Air Mobility Command transferred the agency billing and reimbursement responsibility to DOD's Defense Finance and Accounting Service (DFAS). Thus, at the time of our review, DFAS did the billing and collections and credited the receipts to the Air Mobility Command's O&M account.

On the other hand, 89th Airlift Wing users may permit nonofficial travelers on their missions as provided by OMB Circular A-126 and DOD Directive 4500.56. Nonofficial passengers may join in the mission if (1) the aircraft was already scheduled for an official purpose, (2) the addition of such passengers does not require a larger aircraft, and (3) results in a negligible increase in aircraft operating costs. The agencies using the wing are also to collect travel costs from nonofficial travelers at the rate of a commercial coach class ticket to the destination traveled. For example, when the Secretary of Defense permits nonofficial travelers to accompany him on DOD aircraft, OSD (Personal Security) bills such travelers, except members of the news media. OSD (Public Affairs) bills news media representatives that accompany the Secretary of Defense on DOD aircraft. These reimbursements are sent to DFAS to be credited to the Air Mobility Command's O&M account.

²31 U.S.C. §§ 1535, 1536.

³We did not evaluate the data used to set reimbursement rates that DOD charged non-DOD agencies for reimbursable 89th Airlift Wing missions. However, in other unrelated work, DOD has acknowledged fundamental problems in accumulating reliable cost information.

Policies Regarding Use and Management of the 89th Airlift Wing Have Been Strengthened

After our 1992 report, OMB, DOD, and the White House revised policies related to the 89th Airlift Wing, strengthening the management and use of the wing. Among these policies is OMB Circular A-126 (Improving the Management and Use of Government Aircraft), a primary governing directive on the use of military or other government aircraft by executive branch officials. The 1989 version of the circular was in effect at the time of our 1992 report, and we concluded that the circular (1) inadequately defined key terms, (2) readily permitted travelers to assert that commercial transportation was not available, (3) did not require comparison of the cost of military versus commercial transportation, (4) did not clearly specify when nonofficial travelers should pay for their trips, and (5) did not specify the extent to which compliance with these policies should be documented and controlled. Table 3 displays the changes that we recommended to the circular and the changes OMB made.

Table 3: Actions Responding to Our 1992 Recommendations

1992 GAO recommendation	OMB action
Clearly define key terms such as "official business" and describe how, when, by whom, and for what purposes the 89 th Airlift Wing should be used (or alternatively, the purposes for which the 89 th Airlift Wing should not be used).	Defined "mission requirements" and the purposes for which the wing can be used. Defined "official travel." Established criteria for designating a government official as a required user of government aircraft. Required users are officials who have a need for 24-hour-a-day secure communications or unusual security concerns and are thus allowed to use the 89 th Airlift Wing for all travel, including personal travel. Established the policy on when nonofficial travelers may travel on wing aircraft.
Provide specific guidance on how travelers should determine whether commercial aircraft services are available.	Established that commercial service is reasonably available if it can meet the traveler's arrival or departure requirements within a 24-hour period.
Provide explicit guidance as to when and how travelers are to make cost comparisons and when it may be permissible not to use the most cost-effective transportation alternative.	Required a cost comparison unless the travel is by a required user or to meet mission requirements, two reasons for which the usually more expensive mode of government air transportation is permitted.

1992 GAO recommendation	OMB action
Clearly identify the circumstances under which both official and nonofficial travelers should reimburse the government for their travel and the appropriate amount to be reimbursed.	Specified that nonofficial travelers and official travelers on nonofficial business must reimburse the government at the rate of a coach class air ticket to the destination traveled and identified the circumstances under which reimbursements are due.
Clearly specify the extent to which compliance with each of these policies should be documented and controlled, where the documentation should be retained, and that documentation should be retained for at least 2 years after the date of the trip.	For each use of government aircraft, required that data on the aircraft tail number, the date(s) used, the names of the pilot and flight crew, the purpose of the flight, and the names of all passengers be retained for at least 2 years.

Source: GAO and OMB.

Also, since February 1993, the White House has revised at least three memorandums that provide additional guidance on the use of DOD aircraft. The latest memorandum, dated November 16, 1998, specifies the terms under which non-DOD missions will be designated as either nonreimbursable or reimbursable to DOD and the criteria for making such decisions. White House support missions are provided on a nonreimbursable basis and directly support (1) the President, Vice President, and first family; (2) immediate White House activities; and (3) missions directed by the President. For travel done by cabinet and government officials not on White House missions, use of DOD aircraft can be provided on a reimbursable basis if all of the following four conditions are met: (1) the travel is in the national interest, (2) DOD is fully reimbursed by the using agency at the appropriate flying hour rate, (3) the use of resources does not detract from the national defense, and (4) a commercial enterprise cannot provide the transportation as conveniently or cost-effectively.

Finally, since 1992 DOD has issued at least four directives, memorandums, or other guidance that affect the use of the wing. These documents, among other things, implement the revised OMB circular, designate certain DOD officials as required users, and emphasize that military air travel is a premium mode of transportation involving high costs and limited resources. For example, DOD Regulation 4515.13-R, Air Transportation Eligibility, issued in November 1994, specifies procedures and criteria for approving non-DOD airlift missions. For DOD to approve these missions, the regulation requires the requester to justify the purpose of the travel, state why commercial service is not being used, and indicate whether the proposed mission will be reimbursable or nonreimbursable.

We reviewed a sample of mission requests that were reviewed by OSD (Executive Secretary) and found that the justifications generally complied with requirements outlined in OMB Circular A-126, the White House memorandums, and DOD Regulation 4515.13-R regarding the use of government aircraft.

DOD Has Not Collected Reimbursements or Properly Accounted for Them

Implementation of policies over the billing and reimbursement process for 89th Airlift Wing usage is inadequate. Problems included (1) a lack of agency reimbursements to DOD for 89th Airlift Wing flights, (2) improper crediting of funds that were reimbursed, (3) record-keeping that generally prevented verification of transactions, and (4) inadequate instructions on how staff are to meet billing and reimbursement responsibilities. We identified inadequate instructions as a problem in our 1992 report as well.

Some Agency Reimbursements Are 6 Years in Arrears

DOD acknowledged that it had not consistently collected agency reimbursements due for reimbursable missions. On the basis of our inquiry, DOD discovered that reimbursements had not been collected for 63 missions flown by the 89th Airlift Wing, some occurring as long ago as 1993.⁴ We estimated that DOD is owed about \$1.9 million from non-DOD agencies for the 63 reimbursable missions. No one independently verified that all agency reimbursements due were actually collected. Moreover, the Air Mobility Command was not aware that any mission bills were in arrears, even though the funds are to be credited to the Command's O&M account.

The Air Force inquired into the billing problem and by June 1999, DFAS had already sent bills for most of the outstanding reimbursements. As of July 1999, DFAS indicated that some reimbursements have been received. Also, at the time of our review, the Office of Special Air Missions had begun to develop a procedure to prevent a future recurrence of the problem. The plan was still being developed at the time of this report.

⁴Some agency reimbursements were collected between 1993 and 1996.

Some Nonofficial Traveler Reimbursements Have Not Been Properly Accounted for

Agencies that permit nonofficial travelers, such as news media representatives, on their nonreimbursable 89th Airlift Wing missions are to bill such travelers and collect the reimbursements. The Air Mobility Command reported that it had received about \$7.9 million in both agency and nonofficial passenger reimbursements in fiscal years 1993-98.

While DOD has collected reimbursements for nonofficial travel, DFAS officials have sometimes credited the wrong fiscal year accounts. Agencies that have collected nonofficial traveler reimbursements sent the funds to DFAS' Omaha Operating Location for crediting to the proper Air Mobility Command fiscal year O&M account. However, because the agencies did not notify DFAS of the mission dates, DFAS had to rely on the agencies to specify the fiscal year account into which to credit the funds. For example, OSD (Public Affairs) collected and remitted reimbursements but was unaware that the accounting code the office must report to DFAS for proper funds handling also instructs DFAS which fiscal year account the funds should be credited to. OSD (Public Affairs) incorrectly instructed DFAS to credit the fiscal year 1997 account with reimbursements for fiscal years 1998 and 1999 nonofficial travel. As a result, DFAS credited at least \$106,000 in reimbursements for fiscal years 1998 and 1999 nonofficial travel to the fiscal year 1997 account.

The Economy Act requires reimbursements to be credited to the agency appropriation or fund used to provide service to another agency. Since the 89th Airlift Wing's flight operations are funded with an annual O&M appropriation, reimbursements must be credited to the appropriate Air Force O&M account for the fiscal year in which the travel took place. Thus, the fiscal year 1998 reimbursements should be credited to the fiscal year 1998 account; fiscal year 1999 reimbursements should be credited to the fiscal year 1999 account. Properly crediting these reimbursements to the current fiscal year appropriation account allows the Air Mobility Command to use those funds for a variety of O&M-based spending needs in the current fiscal year. However, if DFAS inappropriately credits reimbursements to a prior year account, the use of the funds is unnecessarily restricted because they may then only be used toward obligations incurred in that prior year.

We found other errors as well. For example, OSD (Public Affairs) instructed DFAS to credit about \$57,000 to the Air Mobility Command's O&M account for nonofficial travelers that accompanied the Secretary of Defense on four trips in 1998. However, these trips were taken on aircraft operated by the Air Combat Command and assigned to the 55th Wing, Offutt

Air Force Base, Nebraska. Therefore, the funds should have been credited to an Air Combat Command account, not an Air Mobility Command account.

No one independently verified that all reimbursements were made. For example, Air Mobility Command officials told us they have not monitored DFAS billing and reimbursement operations and were surprised when we brought to their attention the improper crediting of some reimbursements. Moreover, DFAS has not received passenger manifests from the 89th Airlift Wing, thus missing an opportunity for independent verification that all nonofficial traveler reimbursements due are actually collected.

Transactions Are Not Readily Verifiable

We could not verify the receipt and crediting of some nonofficial traveler reimbursements because DFAS' record-keeping procedures do not permit full verification of all transactions. DOD Directive 7000.14-R stipulates that accounting methods must permit transactions to be traced for verification. However, DFAS commingled numerous individual reimbursement checks on a single cash collection voucher. While convenient, the practice undermines effective management controls by preventing verification that all transactions were properly completed. Due to the commingling of individual reimbursement checks, we could not determine whether DFAS properly processed all 89th Airlift Wing reimbursements from nonofficial travelers.

Billing Instructions Are Inadequate

At the time of our review, the billing process through which DOD should have collected reimbursements from non-DOD agencies for 89th Airlift Wing missions had stopped functioning. DOD had not issued adequate billing instructions, but the process worked to some extent prior to 1997 anyway, possibly because experienced officials were in place. By 1997, the agency billing process had come to a halt, possibly due to a lack of adequate documentation of the process and some significant, nearly simultaneous personnel changes. Moreover, OSD (Public Affairs) similarly lacked adequate instructions on how its staff was to handle the transactions and instruct DFAS where to credit the funds, with the result that some funds were incorrectly credited. We identified a similar lack of instructions in OSD (Public Affairs) in 1992.

Recommendation

We recommend that the Secretary of Defense document the Department's billing and reimbursement process with written instructions or other guidance and ensure that all DOD components involved in the process comply with DOD accounting and financial management requirements to record transactions in a manner that permits verification of the proper handling of the funds.

Agency Comments and Our Evaluation

DOD and OMB provided written comments on a draft of this report (see apps. I and II). DOD concurred with our recommendation and stated that it is working to incorporate the reimbursement process into the proper guidance. DOD also stated that DFAS was collecting overdue reimbursements at the time of our report. OMB stated that the report identifies some important weaknesses in the accounting and collection of reimbursements for non-DOD use of 89th Airlift Wing aircraft. In addition, DOD provided technical comments that we incorporated as appropriate.

Scope and Methodology

Because most of the missions flown by the 89th Airlift Wing are in support of the executive branch, we focused our analysis on the changes made to executive branch guidance concerning the use of government-owned aircraft, such as OMB Circular A-126 and other relevant DOD and White House implementing guidance.

To determine whether changes to executive branch policies since 1992 addressed the intent of our recommendations, we met with OMB officials and obtained the 1989 and 1992 versions of OMB Circular A-126, Improving the Management and Use of Government Aircraft. We also met with officials from OSD (Executive Secretary); OSD (Legislative Affairs); and the Office of Special Air Missions, Vice Chief of Staff of the Air Force, in Washington, D.C., and from the 89th Airlift Wing at Andrews Air Force Base, Maryland. These officials also provided us with DOD or Air Force directives, guidance, policy statements, mission request records, mission approval memorandums, correspondence, and other documents. To determine how the policies have changed since our April 1992 report, we compared versions of the various guidance documents in force as of April 1992 with any amendments or other changes since that time and characterized the substance of the changes.

To determine whether justifications for wing usage complied with applicable policies, we interviewed the same officials to determine the

procedures they followed to review 89th Airlift Wing mission requests. We reviewed a sample of non-DOD reimbursable mission requests to determine whether guidance and directives were adhered to in the review and approval of these mission requests. We also met with officials from the Office of the Secretary of State to determine the basis on which that agency decided whether to use military or commercial aircraft and the process they used to approve a request to DOD for transportation support.

To determine whether reimbursements for 89th Airlift Wing flights have been made, we met with officials and obtained documents from organizations that are responsible for key steps in the billing and reimbursement process. First, we met with the Office of Special Air Missions and the 89th Airlift Wing Comptroller. To determine how billing and reimbursements were processed, we met with officials from DOD and Department of State offices responsible for billing nonofficial passengers, including OSD (Personal Security), OSD (Public Affairs), and the Office of the Secretary of State. We also obtained billing records, documents showing reimbursement checks received from parties billed, cash collection vouchers, transmittal documents showing fund transfers to DFAS, and other documents. We compared a sample of passenger manifests from 89th Airlift Wing missions with bills or check receipts to determine whether nonofficial passengers had been billed and reimbursements had been made to DOD for the missions, as required by OMB Circular A-126 and other guidance.

To determine whether DFAS or the Air Mobility Command had sent bills and collected reimbursements for agency missions, we obtained 89th Airlift Wing flight records and compared them with agency mission requests to determine which missions were reimbursable. We also met with officials at DFAS' Omaha Operating Location in Nebraska to discuss the billing and reimbursement process and obtained guidance on handling billings and reimbursements. To determine whether bills had been sent and reimbursements collected, we obtained billing records, cash collection vouchers, copies of checks, deposit records, and other documents. Finally, we met with officials from the Air Mobility Command in Illinois to determine how they monitored the billing and reimbursement process and verified that funds deposited by DFAS were credited to the proper Air Mobility Command accounts. We also verified DFAS records as we deemed necessary. We did not evaluate the data used to set reimbursement rates that DOD charged non-DOD agencies traveling on reimbursable 89th Airlift Wing missions.

To provide the background information showing which agencies of the government were the most frequent users of the 89th Airlift Wing, we obtained flight records showing every 89th Airlift Wing mission between January 1, 1993, and February 8, 1999. We counted as White House missions all missions for which the flight records indicated that the White House was the sponsoring agency. Thus, we counted as White House missions those for which the President traveled or other departments' or agencies' officials traveled at the President's direction except State Department missions, which we identified separately whether or not they were presidentially directed.

We did not review the use of helicopters in the 89th Airlift Wing's inventory.

We conducted our work from January to July 1999 in accordance with generally accepted government auditing standards.

We will send copies of this report to interested congressional committees; Mr. John Podesta, the White House Chief of Staff, Executive Office of the President; the Honorable William S. Cohen, the Secretary of Defense; the Honorable Louis Caldera, the Secretary of the Army; the Honorable Richard Danzig, the Secretary of the Navy; the Honorable F. Whitten Peters, the Secretary of the Air Force; the Honorable Madeleine K. Albright, the Secretary of State; and the Honorable Jacob J. Lew, Director of the Office of Management and Budget.

Please contact me at (202) 512-5140 if you or your staff have any questions about this report. Other key contributors on this assignment are listed in appendix III.

Sincerely yours,



Mark E. Gebicke
Director, National Security
Preparedness Issues

Contents

Letter	1
Appendix I Comments From the Department of Defense	16
Appendix II Comments From the Office of Management and Budget	17
Appendix III GAO Staff Acknowledgments	18
Related Products	20
Tables	2
Table 1: The 89th Airlift Wing's Inventory of Fixed-Wing Aircraft	2
Table 2: Usage of the 89th Airlift Wing by Agency	3
Table 3: Actions Responding to Our 1992 Recommendations	6

Abbreviations

DFAS	Defense Finance and Accounting Service
DOD	Department of Defense
O&M	Operations and Maintenance
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense

Comments From the Department of Defense



OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, DC 20301

JUL 20 1999

Mr. Mark E. Gebicke
Director, National Security and Preparedness Issues
National Security and International Affairs Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Gebicke:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "DEFENSE TRANSPORTATION: 89th Airlift Wing Policies Improved, But Accounting for Reimbursements Lacking," dated June 25, 1999 (GAO Code 703258/OSD Case 1851).

We concur with the report's single recommendation that the Department develop written instructions or other guidance for documenting the billing and reimbursement process. This action is intended to ensure all DoD components involved with the process have clear guidance to comply with DoD accounting and financial management requirements and to verify proper handling of the funds. As of this review, the Defense Finance and Accounting Service is still collecting past due reimbursements from several agencies. We are working diligently to incorporate the DoD's reimbursement process into the proper directive(s).

Comments for technical accuracy were provided separately to your staff. We appreciated the cordial and professional relations we had with your office during the preparation of this report.

Sincerely,

Maria I. Cribbs
Maria I. Cribbs
Executive Secretary



Comments From the Office of Management and Budget



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 8, 1999

Mr. Mark E. Gebicke, Director
National Security and Preparedness Issues
National Security and International Affairs Division
United States General Accounting Office
Washington, DC 20548

Dear Mr. Gebicke:

The Director has asked me to respond to your letter of June 24, 1999, which requested comments from this Office on your draft report on the 89th Airlift Wing (GAO/NSIAD-99-170). In general, the report is well-written and identifies some important weaknesses in the accounting and collection of reimbursements for non-DoD use of 89th Airlift Wing aircraft.

The General Accounting Office (GAO) has issued many reports over the past 20 years on the management of Federal aircraft. Several of these reports have played an important role in identifying changes in policies and procedures needed to strengthen the management of Federal aviation activities and to prevent the improper use of these assets. As this latest report indicates, recommendations in your 1992 report on the 89th Airlift Wing were implemented in policy changes made by OMB, DoD, and the White House. In addition, OMB Circular No. A-126 and both of its revisions reflected recommendations made by your Office in previous reports.

Thank you for the opportunity to comment on this draft report. It is a welcome addition to the useful work done by the GAO in helping improve the management of Federal aircraft programs.

Sincerely,

Kenneth Schwartz
Deputy Associate Director for
Transportation, Commerce, Justice
and Services Division

GAO Staff Acknowledgments

Acknowledgments

Carol R. Schuster, William M. Solis, Brian J. Lepore, Andrew D. Crawford, and Arthur L. James, Jr., made key contributions to this report.

Related Products

Government Aircraft

Travel of Government Officials on Government Aircraft
(GAO/T-NSIAD-96-85, Dec. 29, 1995).

Government Aircraft: Observations on Travel by Senior Officials
(GAO/NSIAD-95-168BR, June 5, 1995).

Military Aircraft: Travel on 89th Military Airlift Wing and Travel by Selected Officials (GAO/T-NSIAD-92-35, Apr. 30, 1992).

Military Aircraft: Policies on Government Officials' Use of 89th Military Airlift Wing Aircraft (GAO/NSIAD-92-133, Apr. 9, 1992).

Military Aircraft: Travel by Selected Executive Branch Officials
(GAO/AFMD-92-51, Apr. 7, 1992).

Department of Defense Financial Operations

Financial Management: Profile of Defense Finance and Accounting Service Financial Managers (GAO/AIMD-98-133, May 28, 1998).

Financial Management: An Overview of Finance and Accounting Activities in DOD (GAO/NSIAD/AIMD-97-61, Feb. 19, 1997).

High Risk Series: Defense Financial Management (GAO/HR-97-3, Feb. 1, 1997).

DOD Infrastructure: DOD's Planned Finance and Accounting Structure Is Not Well Justified (GAO/NSIAD-95-127, Sept. 18, 1995).

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary, VISA and MasterCard credit cards are accepted, also.

Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

Orders may also be placed by calling (202) 512-6000 or by using fax number (202) 512-6061, or TDD (202) 512-2537.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Rate
Postage & Fees Paid
GAO
Permit No. GI00**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested

